



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**FOLLOW-UP REPORT ON AUDIT FINDINGS**

City of St. Louis  
Department of Human Services

Report No. 2018-070

September 2018

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# City of St. Louis - Department of Human Services

## Follow-Up Report on Audit Findings

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**NICOLE GALLOWAY, CPA**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Director of the Department of Human Services  
City of St. Louis, Missouri

We have compiled the statuses of the audit report findings contained in Report No. 2009-61, *City of St. Louis, Department of Human Services*, issued in June 2009, as part of our current audit of the City of St. Louis. These results were determined by city officials and have not been audited. We will evaluate each status and the procedures implemented to address the related audit findings as appropriate in our upcoming audit of the Department of Human Services. The objectives of the follow-up compilation were to:

1. Provide status information from city officials for each recommendation. The status of each recommendation will be one of the following:
  - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
  - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
  - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
  - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.
  - No Longer Applicable: The recommendation is no longer applicable.
2. Compile the information reported.

To obtain the status for each recommendation, we sent questionnaires to the Department of Human Services that included a brief summary of each finding and recommendation, and requested the status of each finding and a brief description of the steps taken or planned to implement the recommendation or reason(s) why the recommendation has not been implemented or is no longer applicable. This report is a compilation of the information provided, which we received in May 2018.

Audits of various officials and departments of the City of St. Louis are in process, and any findings and recommendations will be included in the subsequent reports.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA  
State Auditor

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# City of St. Louis - Department of Human Services

## Follow-Up Report on Audit Findings

### Status of Findings

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**Finding Title:** Grant Administration

**Finding Number:** 1.A.

**Finding:** The Department of Human Services (DHS) did not routinely advertise for proposals for subgrantees of the Homeless Veterans Reintegration Project (HVRP), Utility Assistance Program, Federal and Missouri Emergency Shelter grants or Homeless Challenge Program. While the DHS had policies and procedures to advertise for proposals, only one subgrantee had been consistently used for each of the HVRP and Utility Assistance Program and sole source justification was not documented for these subgrantees.

**Recommendation:** The DHS periodically solicit proposals for all subgrantee awards and document reasons for sole source procurement situations.

**Status of Finding:** No Longer Applicable

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

- Utility Assistance Program: The DHS no longer receives allocations for, nor administers the Equitable Relief from Utility Tax Funds program, effective 2013.
- HVRP: The DHS no longer receives HVRP dollars and does not have a contract with the United States Department of Labor (DOL) for this or any other programs.

When the DHS did apply in the past, in response to the Notice of Fund Availability (NOFA) for the DOL funded HVRP, the NOFA indicated that it was a competitive grant application, favoring collaborations. The DHS does not provide direct services; therefore, the DHS submitted a collaborative application, indicating we would be partnering with a local employment and housing placement provider who had proven experience working with homeless veterans and other hard to serve populations. It was based on this pre-identified provider's expertise and the added value of their partnership with the city, that the DOL funded the applications.

- Missouri Emergency Shelter grants/Homeless Challenge Program: The DHS no longer receives funding from either of these grants.

**Contact Person:** Valerie Russell

**Contact Phone Number:** (314) 657-1651



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**Finding Title:** Grant Administration

**Finding Number:** 1.B.

**Finding:** The DHS did not sufficiently document reasons for the amount of funding awarded to some subgrantees for the St. Louis Area Agency on Aging (SLAAA).

**Recommendation:** The DHS maintain written documentation of decisions made for the amount of funding awarded to SLAAA subgrantees.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable.**

The decisions regarding the level of funding to be awarded are maintained on file in the SLAAA office. The decisions are dependent upon the responses received to the request for proposals (bids received), a provider's previous performance, and the levels of services needed in the geographic areas that a potential provider wants to service. Any subsequent reductions in funding to SLAAA subgrantees are usually the result of underutilization of services to be rendered or cuts in federal or state funding. Discussions are held with all subgrantees prior to any reductions or additions to contract funding.

All documents regarding the above are maintained in the DHS SLAAA office.

**Contact Person:** David Sykora

**Contact Phone Number:** (314) 657-1681



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**Finding Title:** Grant Administration

**Finding Number:** 1.C.

**Finding:** The DHS did not conduct annual fiscal monitoring reviews required by DHS policy for some subgrantees, and as a result, it appeared the DHS did not detect some misspent grant funds on a timely basis. Additionally, required program monitoring was not completed for one SLAAA subgrantee.

**Recommendation:** The DHS ensure all subgrantees are subject to annual fiscal and program monitoring as required by department policy.

**Status of Finding:** In Progress

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable.**

The DHS has added auditors to our organization. The auditors were previously employed in the Comptroller's Internal Audit division. They are responsible for completing fiscal monitoring for subgrantees of SLAAA, Homeless Services, and some special grants administered by the DHS. Contract Compliance Officers and relevant program staff within the various divisions handle programmatic monitoring. The DHS initially employed three auditors; however, two have resigned. One auditor remains on staff. It is anticipated that funding will be allocated allowing the DHS to hire one additional auditor during the 2018-2019 program year.

Based upon the audit finding, changes to the SLAAA monitoring procedures were implemented to ensure that programmatic monitoring is conducted on all subgrantees. Records of programmatic monitoring and follow up for each subgrantee are kept at the SLAAA office.

**Contact Person:** David Sykora and Valerie Russell

**Contact Phone Number:** (314) 657-1681 / (314) 657-1651



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**Finding Title:** Grant Administration

**Finding Number:** 1.D.

**Finding:** The DHS did not perform adequate follow up or take disciplinary action for serious deficiencies noted with two SLAAA subgrantees.

**Recommendation:** The DHS promptly follow up on all monitoring findings and consider taking disciplinary action when serious deficiencies are not corrected in a timely manner.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable.**

Based upon the audit finding, changes to the SLAAA monitoring procedures were immediately implemented to ensure that follow up on all monitoring deficiencies was performed.

**Contact Person:** David Sykora  
**Contact Phone Number:** (314) 657-1681



City of St. Louis - Department of Human Services  
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**Finding Title:** Expenditures

**Finding Number:** 2.A.

**Finding:** Our review of reimbursement payments to subgrantees noted some unallowable costs paid from the HVRP and Supportive Housing Program (SHP) grants.

**Recommendation:** The DHS implement procedures to ensure only allowable costs are paid with grant funds.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The DHS no longer administers HVRP or SHP grant funds. To ensure that the DHS complies with the regulations and to ensure only allowable costs are paid with grant funds, the Homeless Services Division developed and implemented a Grant Administration and Internal Control Manual for the Emergency Solutions Grant and Continuum of Care funds. Homeless Services staff are trained in the procedures outlined in the manual and they provide a first round review and approval of expenses eligible for reimbursement. DHS fiscal staff provide the secondary review of reimbursement requests to ensure that only allowable costs are reimbursed. The manual undergoes annual review to ensure it is updated with appropriate federal regulations.

**Contact Person:** Edwin Muhammad

**Contact Phone Number:** (314) 657-1718





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**Finding Title:** Expenditures

**Finding Number:** 2.B.

**Finding:** Our review noted proper approval of expenditures was not always documented in accordance with city and DHS purchasing procedures. DHS personnel indicated their department purchasing manual and forms included out-of-date information, and as a result, the required forms were not always used. This may have contributed to the lack of proper approval on some expenditures.

**Recommendation:** Ensure expenditures are approved in accordance with city and department policy and retain documentation of the approval. In addition, the department should update its purchasing manuals and forms to reflect current policies and procedures.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The DHS follows the City of St. Louis, Supply Division Procedures Manual, which specifies the procedures to be followed when making purchases of supplies, materials, equipment, etc. In addition, the DHS Fiscal Division has designed for internal use, an Internal Purchase Requisition form that is completed by the DHS division wishing to initiate a purchase. This form must be signed by the relevant DHS Division Manager and then signed by the DHS Director or Deputy Director for proper approval of purchases.

**Contact Person:** Parimal Mehta  
**Contact Phone Number:** (314) 657-1664



City of St. Louis - Department of Human Services  
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Status of Findings

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**Finding Title:** St. Louis Area Agency on Aging (SLAAA) Compliance Issues

**Finding Number:** 3.A.

**Finding:** The SLAAA did not retain some records in accordance with its program services contract with the Missouri Department of Health and Senior Services (MDHSS).

**Recommendation:** The DHS and the SLAAA retain records in accordance with the grant agreement with the MDHSS.

**Status of Finding:** Implemented

**Description of Steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Based upon the audit finding, changes to the document retention procedures at the SLAAA were immediately implemented. All documents related to MDHSS contracts are kept per contract guidelines or as the applicable federal or state regulations require.

**Contact Person:** David Sykora  
**Contact Phone Number:** (314) 657-1681



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**Finding Title:** St. Louis Area Agency on Aging (SLAAA) Compliance Issues

**Finding Number:** 3.B.

**Finding:** The SLAAA did not have an advisory council as required by the Older Americans Act and the Missouri Code of State Regulations 15-4.110.

**Recommendation:** The DHS and the SLAAA re-establish an advisory council to comply with applicable federal and state regulations.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Based on the audit finding, changes to the city charter regarding the advisory council were made in 2011. The reconstituted advisory council was convened on January 12, 2012. The advisory council has met on a quarterly basis since that time. Meeting agendas and minutes are maintained on file in the SLAAA office.

**Contact Person:** David Sykora  
**Contact Phone Number:** (314) 657-1681